

Summary of TSRS Board Meetings during the Calendar Year 2014

January 30, 2014

1. Consent Agenda
2. Review of Final Version of Contribution Round up Policy and FY15 Employer Contribution Rates – Modified contribution round up policy adopted by the Board.
3. Board Recommendation of TSRS Contribution Rates for FY15 – Board recommended an employer contribution rate of 27.50% for FY15, but did not approve Employee Rates.
4. Actuarial Presentation of Draft TSRS Historical Experience Study - Board proposed changes to the draft report for updating the salary scale by eliminating any productivity related increases, and decreasing the expected merit rates and promotion by another 25 basis points.
5. Presentation of OPAL investment Conference topics
6. Carpet Expenditure Request - TSRS request to fund ¼ of the cost of new carpet on the 5th floor because of asbestos under the old carpet. The Board approved the expense.
7. Briefing on HCR 2001
8. Briefing on Independent Audit Performance Commission Review of TSRS Funding Policy
9. Investment Activity Report
10. Progress Report on Asset Liability Study
11. Call to Audience

February 27, 2014

1. Consent Agenda
2. Asset Liability Study – Callan –Callan representatives described several possible results of the asset liability study, asked if there were any asset classes the Board did not want used, and said they would like to come back June 5th with the final study.
3. Investment Performance for Quarter 4 of 2013 Executive Summary Review – Callan Associates
4. Investment Activity Report
5. Review FY15 TSRS Budget – Approved
6. Discussion on Fields Case – Arizona Supreme Court Decision affecting commissioned police and fire officers and members of the Arizona Public Safety Retirement System.

March 27, 2014

1. Consent Agenda
2. Disability Application – Antonio M. Felix (continued)
3. Annual Investment Manager Review – Pyramis Small Cap Core
4. Annual Investment Manager Review – Causeway Capital Management
5. Investment Activity Report
6. Clarification of Round Up Policy – FY15 recommended rates are different than prior years because the actuary's recommended rates were exceeded with the implementation of the Board's round-up policy. As a result, the Board finalized and approved their recommended FY

15 Employee contribution rates for the Employer Tier I variable rate at 6.75% and the Tier II rate at 5.25%.

7. Discussion of TSRS Fiduciary Liability Renewal – Traveler’s Insurance dropped this line of business, but the Mahoney Group found another insurer (Euclid) so there was no lapse in coverage.
8. Chairman’s Letter to Mayor and Council in Support of FY15 Recommended Contribution Rates

April 24, 2014

1. Consent Agenda
2. Disability Application – Antonio M. Felix (denied)
3. Annual Investment Manager Review – Aberdeen
4. Investment Activity Report
5. Mayor and Council Consideration of Recommended TSRS Contribution Rates for FY15 – 27.5% employer, 6.75% Tier I employee, and 5.25% Tier II employee contribution rates were approved by Mayor and Council.
6. Comparison of Arizona Pension Plan Actuarial Assumptions, Funding Rates, and Funded Ratios
7. Call to Audience

June 5, 2014

1. Consent Agenda
8. Callan’s 2014 Asset Allocation and Liability Study – Current TSRS investment policy target shows 15% allocated to non-US equity and 46% to US equity. Optimizing with Mix 4 suggests reducing US equity exposure by 12%, allocating a 10% increase to non-US equity up to 25% and increasing Real Estate by 1% and US fixed income by 1%. The Board directed Callan to explore “Mix 4”.
2. 2014 Actuarial Historical Experience Study – Upgrading mortality tables from the 1994 GAM table to the RP 2000 scale, and lowering the investment return assumption to 7.25% was recommended and accepted. All of the Actuary’s recommendations were approved by the board.
3. 03/31/14 Investment Performance Executive Summary Review – Callan Associates
4. Investment Activity Report

June 26, 2014

1. Consent Agenda
2. Disability Application – Linda S. Shenk (approved)
3. Investment Activity Report

July 31, 2014

1. Consent Agenda
2. Annual Investment Manager Review – BlackRock Value (Equity Account) and BlackRock US Debt (Fixed Income Account)

3. Investment Activity Report
4. TSRS Staffing Issues – TSRS was having difficulty hiring and keeping qualified retirement advisors due to the lack of competitive wages.

August 21, 2014

1. Consent Agenda
2. Annual Investment Manager Review – Champlain Investment Partners
3. Callan Associates Quarterly Performance Review for June 30, 2014
4. Investment Activity Report
5. Callan Associates Discussion of Portfolio Revision Recommended from 2014 Asset Liability Study – Callan will begin work to provide information on performing a search for one more ACWI ex-US Small Cap manager
6. Preliminary Results of TSRS Salary Survey Information provided to Board.
7. TSRS Board Membership Terms – Karen Tenace's term expires in January 2015.

September 25, 2014

1. Consent Agenda
2. Disability Application – Gilbert Islas (approved)
3. Investment Activity Report
4. Rules and Regulations of the TSRS Board of Trustees – Section Number 5.0: Employee Representative Trustee – Board discussed member election.
5. TSRS Board Membership Terms – The elected retiree board member's term expires at the end of the year. The process for electing the retiree board member was explained.

October 31, 2014

1. Consent Agenda
2. Actuary Valuation Report for June 30, 2014 – Gabriel, Roeder Smith & Associates – The Board voted to modify their funding policy so that employee rates would not decrease until the plan is only paying normal costs and the unfunded liability has been paid off. The Board accepted the Actuary Valuation Report.
3. Annual Fund Manager Review of PIMCO Custom Fixed Income Fund and PIMCO Stocks Plus Fund
4. Annual Fund Manager Review of JP Morgan Strategic Property Fund and JP Morgan US Income & Growth Fund
5. Investment Activity Report
6. Callan Associates Discussion of International Small Cap Equity Manager Search and Evaluation of Causeway's ACWI-Ex US Strategy – The Board agreed to schedule an appointment with Causeway for an interview as a non-US emerging market asset class, and to have Callan work with staff to hire a new transition manager as BNY Melon would no longer be offering these services. The Board decided to interview the following small Cap International managers: MFS Investment Management, Brandes Investment Partners, L.P., and American Century Investment Management.

7. Board Governance Policy relating to General Meeting Matters and Conflict of Interest Policy
8. Call to Audience – Jorge Hernandez, Sr. Accountant with Housing and Community Development Department was in audience to inform the board of his candidacy for Board Representative.

November 20, 2014

1. Consent Agenda
2. Actuary's Projections Related to Funding Policy Considerations - The Board's question about increasing the Employer contribution rate was resolved after seeing that the addition of 1% to contribution rate and the additional money it would require did not make a meaningful difference. The actuarial projections indicated full funding for the Plan would change by only one year with the additional contributions
3. Review of TSRS Funding Policy Draft Revisions
4. Recommended Contribution Rates for FY16 – The Board recommended an Employer Contribution Rate of 27.5% for FY 2016.
5. Board Governance Policies – Outside Council reviewed and discussed revisions made to the Board Governance Policy relating to board members authority to send a proxy, mentoring, open meeting law summary, and conflict of interest.
6. Election Committee Board Report – The Board approved the three Board candidates (Michael Coffey, Tucson Water, Jorge Hernandez, Housing and Community Development, and Jorge Riveros, Transportation).
7. Investment Activity Report
8. Callan's Quarterly Review of TSRS Investment Manager Performance for 9/30/2014

December 30, 2014

1. Consent Agenda
2. Review of Final TSRS Funding Policy Draft – Policy was approved.
3. Investment Activity Report